GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1180
ANSWERED ON:02.05.2016
FDI in e-Commerce Retail
Senthilnathan Shri PR.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether FDI is not permitted in Indian entities that carry out single brand retail or multi-brand retail via e-commerce;

(b) if so, the details thereof;

(c) whether the Government has planned any new strategy for effective expansion of e-commerce in India;

(d) if so, the details thereof; and

(e) the growth achieved in top 30 e-commerce products during the last three years and the revenue earned therefrom, item-wise?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) & (b): As per extant FDI policy, FDI is permitted in Indian entities that carry out single brand retail via e-commerce. However, the same is not permitted for multi-brand retail.

(c) & (d): To encourage investment in e-commerce sector, FDI policy permits 100% foreign investment under the automatic route in companies engaged in e-commerce provided that such companies would engage only in Business to Business (B2B) e-commerce. Further, an entity is permitted to undertake retail trading through e-commerce under the following circumstances:
i) A manufacturer is permitted to sell its products manufactured in India through e-commerce retail.

ii) A single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.

iii) An Indian manufacturer is permitted to sell its own single brand products through e-commerce retail. Indian manufacturer would be the investee company, which is the owner of the Indian brand and which manufactures in India, in terms of value, at least 70% of its products in house, and sources, at most 30% from Indian manufacturers.

Recently, with the objective of bringing clarity on the FDI policy on e-commerce sector, the Government vide Press Note 3 (2016) (Annexure) issued on 29.03.2016 introduced Guidelines for Foreign Direct Investment (FDI) on e-commerce and clarified that 100% FDI under automatic route is permitted in marketplace model of e-commerce and FDI is not permitted in inventory based model of e-commerce.

(e): No such data is maintained.

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